

Dennis C. Prouty
Director
515/281-5279
dennis.prouty@legis.state.ia.us

**STATE OF IOWA
LEGISLATIVE FISCAL BUREAU**

State Capitol
Des Moines, Iowa
50319

MEMORANDUM

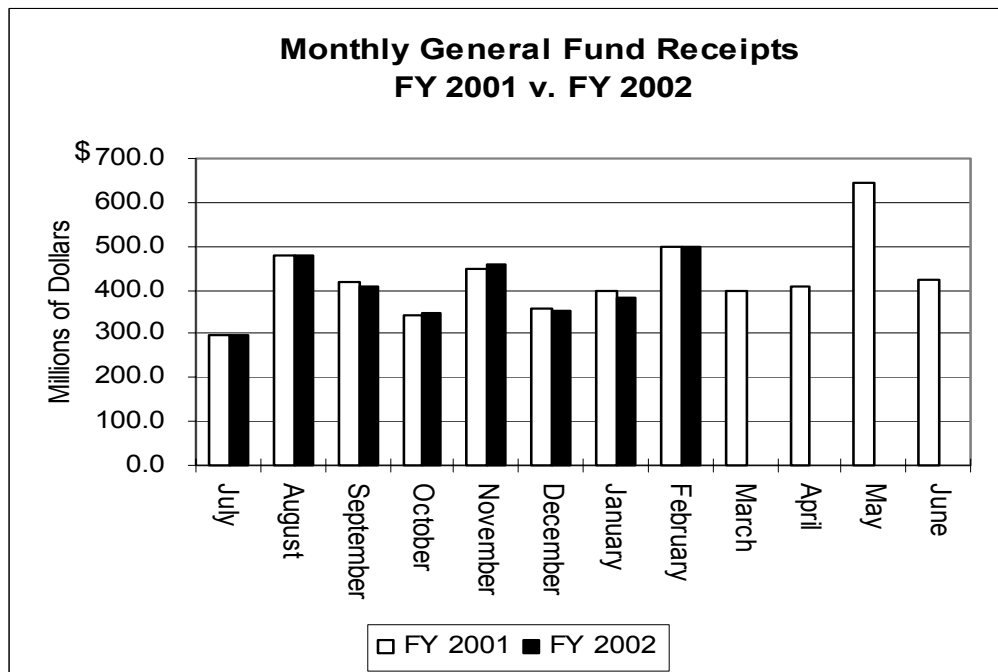
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: March 1, 2002

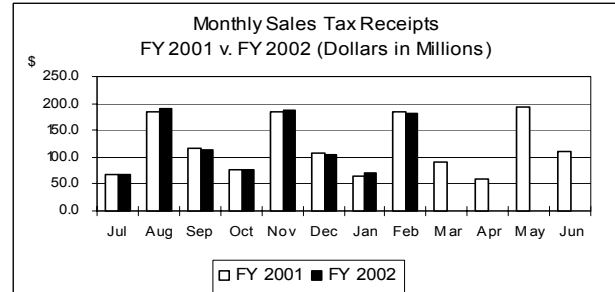
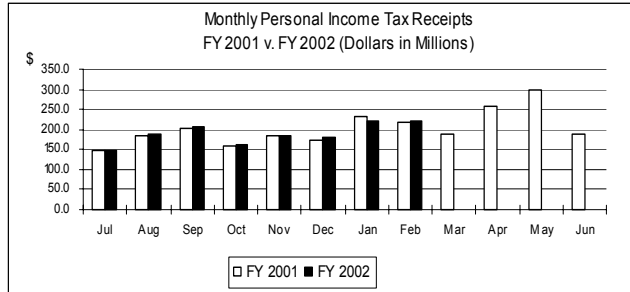
Monthly General Fund Receipts through February 28, 2002

The attached spreadsheet represents total FY 2002 estimated General Fund receipts, with comparable figures for actual FY 2001. These can be compared to the FY 2002 estimate (\$5,080.2 million) set by the Revenue Estimating Conference (REC) on February 21, 2002. The estimate represents a decrease of \$34.3 million (-0.7%) compared to actual FY 2001.



FY 2002 Compared to FY 2001

Year-to-date FY 2002 revenue has decreased \$16.5 million (-0.5%) compared to FY 2001. This is above the REC estimate of -0.7% for FY 2002.



Gross personal income tax revenues received in February totaled \$222.7 million, an increase of \$5.9 million (2.7%) compared to February 2001.

The REC FY 2002 income tax estimate of \$2,453.7 million represents a projected increase of 1.1% compared to actual FY 2001. The actual year-to-date growth in personal income tax is currently 1.0%.

The State tracks personal income tax in three sub-categories:

Withholding receipts in February increased 5.9% compared to February 2001.

Estimated tax payments in February decreased 29.5% compared to February 2001.

Tax payments with returns in February decreased 28.8% compared to February 2001. The majority of these revenues are collected when taxpayers file annual personal income tax returns and are received during the mid-March to April 30 filing period.

The Chart above compares monthly personal income tax receipts for FY 2001 with FY 2002.

Sales tax revenues received in February totaled \$182.6 million, a decrease of \$2.3 million (-1.2%) compared to February 2001.

The REC estimate for FY 2002 sales tax receipts is \$1,456.1 million, which represents an increase of 1.0% compared to actual FY 2001.

The Chart above compares monthly sales tax receipts for FY 2001 with FY 2002.

Corporate income tax receipts in February were \$9.3 million, a decrease of \$4.2 million (-31.1%) compared to February 2001.

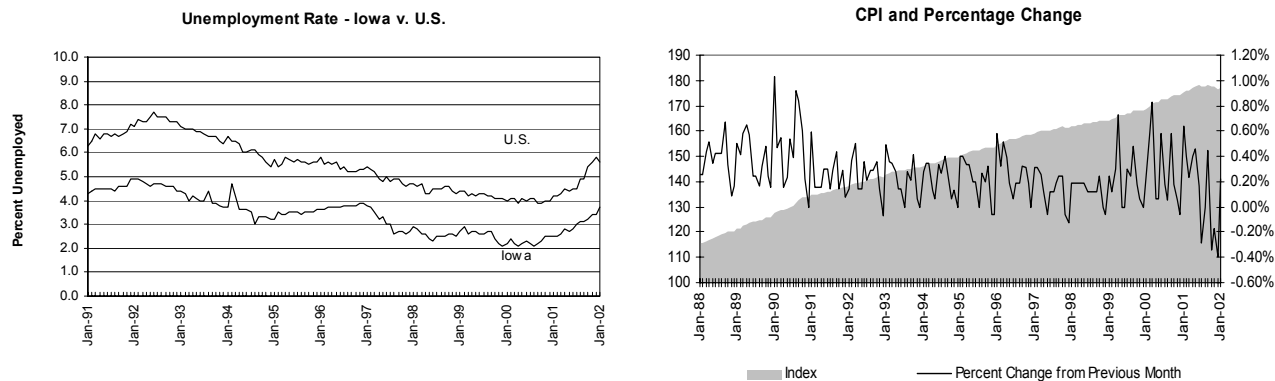
The REC projected FY 2002 corporate income tax receipts at \$218.8 million, a decrease of 23.2% compared to actual FY 2001.

Status of the Economy

The January seasonally adjusted State unemployed rate decreased to 3.3% from the adjusted December level of 3.7%. The unemployment rate a year ago was 2.9%. Iowa's total adjusted January employment registered at 1,545,100, up 17,300 from last year's level. The number of unemployed persons in Iowa was recorded at 52,600 in January, which is up 6,300 compared to last year's level. The amount of unemployed workers in January decreased 7,300 from last month's level. The U.S. unemployment rate in December decreased to 5.6% from the December level, the first decrease in nine months. The U.S. unemployment rate a year ago was 4.2%.

Consumer prices increased in January from the December level by 0.2%. The Consumer Price Index (CPI-U) through January 2002 was 177.1 (1983=100), which is 1.1% higher than one year ago.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through January 2002.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's website at: <http://staffweb.legis.state.ia.us/lfb/>. If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

GENERAL FUND RECEIPTS - FY 2001 vs. FY 2002 July 1 through February 28, in millions of dollars Dollars may not add due to rounding				ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 01 Actual Compared to FY 02 REC Estimate			
	FY 2001		FY 2002		Year to Date		February % CHANGE
Personal Income Tax	\$ 1,494.0	\$ 1,509.5	1.0%	2.7%	Actual FY 2001	Estimate FY 2002	% CHANGE
Sales Tax	986.3	996.5	1.0%	-1.2%	\$ 2,426.6	\$ 2,453.7	1.1%
Use Tax	177.3	171.6	-3.2%	-13.0%	1,441.7	1,456.1	1.0%
Corporate Income Tax	164.3	131.4	-20.0%	-31.1%	249.4	241.6	-3.1%
Inheritance Tax	68.2	64.3	-5.7%	-42.7%	284.8	218.8	-23.2%
Insurance Premium Tax	14.1	19.5	38.3%	44.9%	104.6	95.3	-8.9%
Cigarette Tax	58.7	58.4	-0.5%	-17.4%	126.6	132.9	5.0%
Tobacco Tax	4.0	4.7	17.5%	150.0%	89.6	90.0	0.4%
Beer Tax	9.2	9.4	2.2%	11.1%	6.7	7.2	7.5%
Franchise Tax	18.1	17.2	-5.0%	0.0%	13.6	13.6	0.0%
Miscellaneous Tax	3.4	2.6	-23.5%	-100.0%	31.2	28.5	-8.7%
Total Special Taxes	\$ 2,997.6	\$ 2,985.1	-0.4%	-0.7%	1.3	1.3	0.0%
Institutional Payments					\$ 4,776.1	\$ 4,739.0	-0.8%
Liquor Transfers:	32.2	32.5	0.9%	-16.7%	47.2	46.5	-1.5%
Profits	24.0	25.0	4.2%	33.3%	37.5	38.0	1.3%
7% Gross Revenue	6.0	6.0	0.0%	0.0%	9.0	9.0	0.0%
Interest	13.5	12.5	-7.4%	69.2%	18.2	30.0	64.8%
Fees	46.0	47.1	2.4%	27.5%	72.5	70.7	-2.5%
Judicial Revenue	28.4	28.3	-0.4%	5.8%	48.8	51.6	5.7%
Miscellaneous Receipts	31.6	26.3	-16.8%	77.8%	45.2	35.4	-21.7%
Racing and Gaming Receipts	60.0	60.0	0.0%	0.0%	60.0	60.0	0.0%
TOTAL RECEIPTS	\$ 3,239.3	\$ 3,222.8	-0.5%	0.2%	\$ 5,114.5	\$ 5,080.2	-0.7%